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09/643,021	08/21/2000	Colleen Wallace	SCHW-110	8567

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EXAMINER

LE, DAVID Q

ART UNIT	PAPER NUMBER
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3621

DATE MAILED: 05/20/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

# Office Action Summary

Application No.

09/643,021

Applicant(s)

WALLACE ET AL.

Examiner

David Q Le

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*MW*

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☒ Responsive to communication(s) filed on 10 May 2004.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 1,4,5,7-10,13-18 and 22-26 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1,4,5,7-10,13-18 and 22-26 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

## Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

## Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)  | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                                   | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)             |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)<br>Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____  |

## **DETAILED ACTION**

### ***Examiner's Note***

1. The Examiner has pointed out particular references contained in the prior art of record in the body of this action for the convenience of the Applicant. Although the specified citations are representative of the teachings in the art and are applied to the specific limitations within the individual claims, other passages and figures apply as well. It is requested from the Applicant, in preparing the response, to consider fully the entire references as well as the context of all passages in the cited references as potentially teaching all or part of the claimed inventions.

### ***Continued Examination Under 37 CFR 1.114***

2. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on May 10<sup>th</sup> 2004 has been entered.

### ***Status of Claims***

3. As per the Request for Continued Examination and Amendment filed on May 10<sup>th</sup>, 2004:

**Claims 2-3, 6, 11-12, and 19-21** were canceled.

**Claims 1, 7-8, 13, 22-23, and 25-26** were amended.

**Claims 1, 4-5, 7-10, 13-18, and 22-26** remain pending.

### ***Response to Arguments***

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4. The Arguments filed on May 10<sup>th</sup>, 2004 with the Request for Continued Examination have been considered but is ineffective to overcome the references.

Applicant argues that

(a) the primary reference, Millard, US Patent Publication US 2002/0007335 A1, does not disclose an online broker-dealer or investment advisor service;

(b) doesn't teach or suggest providing limited services in response to limited initial information submission, and provides expanded or full services in response to additional user information submission;

(c) the secondary references Waite et al., May, and Fuller et al., US Patents No. 5,103,476, 6,021,492, and 6,216,112 B1 respectively, cannot be combined with Millard because they are not directed to an online brokerage service.

Examiner disagrees with this reading of the references:

(a) Millard provides an online securities exchange service between clients, sellers and buyers, in return for fees. While the service may not be a broker-dealer service per se, its functionalities are very close to those traditionally associated with a securities brokerage service. The fact that the Millard service allows sellers and buyers to find each other online and exchange financial instruments such as stocks and securities inherently qualifies it as a "brokerage" service, i.e. one which seeks out, or causes sellers and buyers to find each other, for the purpose of negotiating sales agreements of assets and execute them in an organized fashion.

(b) Millard further provides for different service and functionalities of the system to different classes of sellers and buyers, according to the level of information or qualifications these individuals are willing to provide and commit to the system's registration system. This in fact is the same type of graduated service level claimed by Applicant, wherein a user may obtain limited services based on limited information disclosed at registration, to be followed later by expanded privileges and capabilities as additional information is provided, such as signing up for a paying account, providing further credit history, income levels, bank account guarantees, etc.

(c) The claimed limitation – allowing partial registrants to obtain partial service, with the promise of further functionalities later, once the user has committed to full account sign-up, is well known in the art, as exemplified by other businesses that have disclosed such try-before-you-buy incentive methods. Such are the teachings of the secondary references Waite, May and Fuller. It would have been obvious to one ordinarily skilled in the art at the time the invention was made to have applied such incentive methods

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to the Millard system, in order to prime interested users, and therefore maximize the potential for signing up new users, once they have had the chance to test-drive the system.

***Claim Rejections - 35 USC § 103***

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

6. Claims 1, 4-5, 7, 14-18, and 22-26 are rejected under 35 U.S.C. 103(a) as being unpatentable over Millard et al., US Patent Publication US 2002/0007335 A1, in view of Waite et al., May, Fuller et al., of US Patents No. 5,103,476, 6,021,492, and 6,216,112 B1 respectively, and further in view of Hitchcock et al., US Patent No. 6,345,278 B1.

As per claim 1.

Millard discloses:

A method for opening an on-line brokerage account (Abstract, Summary of the Invention, Fig 1, 2, associated text; P66, 67, 74, 119), comprising:

opening an on-line brokerage account for a user based on account information received from the user, the on-line brokerage account having one or more restrictions, wherein the account information includes at least the following the user's name, social security number, home address, level of investment knowledge, and the user's approximate annual income (Fig 2: Member Information: Name, Address; Fig 3: Display appropriate investor qualification questionnaire; Accredited investor?; associated text; P67, 119);

generating an application based on the account information (P67, 129, 136-137);

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requesting that the user submit required information with the application to remove the one or more restrictions from the on-line brokerage account (P74, 125, 138); and

removing said one or more restrictions from the on-line brokerage account when the application including the required information is received / if the application is approved (P120, 125: "changing member status"; Fig 2, associated text).

assigning the user an account identifier to the on-line brokerage account;

assigning the user a password to access the on-line brokerage account; and

providing the user with access prior to the removing of said one or more restrictions (P138, 140, Table 1);

wherein the one or more restrictions comprise one or more of preventing the user from trading securities, preventing the user from funding the brokerage account, and preventing the user from obtaining real time stock quotations (P67, 74, 119).

Millard does not explicitly disclose a system wherein interested customers provide partial signup information to obtain access to a restricted set of the product/service features, this during a finite period of time, and wherein users interested in obtaining access to the full features of the system must provide more complete personal/financial signup information; if such additional information is not provided within the trial period, the user will be denied further access to the system, even to the limited features initially provided. Nor does Millard specifically disclose that users have to supply information "within a predetermined time" in order to continue using this limited feature set of his system.

However, as shown in the above citations, Millard clearly discloses that his invention can be set up so that (1) different levels of services may be provided to different users, depending on the signup information submitted by the users (P. 66, 67, 74, 119); and (2) certain features or privileges of the service provided can be disabled after pre-determined time periods (P132-134).

Also It is also well known in the art that many businesses – whether of the traditional "brick-and-mortar" type or online – provide "trial-basis" or "test-drive" use or access to their products or services, to allow customers to sample, learn, and get to like the product or service, before requiring the user to pay for the product or service. Such trials typically are provided with minimal or limited access to the product/service, free of charge, during a small, finite period of time (30 days or less) in exchange for limited, minimal signup requirements from interested users. Once the trial period is over, unrestricted, payment-based access to the full-featured product/service will be available, this time in exchange for payment, credit, or billing arrangement. Failure to sign up for the full, for-pay product/service will result in the test or trial access being discontinued.

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Following are prior art showing products/services provided on a trial-basis depending on information initially provided by a potential user:

Waite: Abstract; Summary of the Invention; Col. 3, lines 4-8 (no cost trial-basis use).

May: Abstract; Summary of the Invention; Fig 10-15, associated text; Fig 14: "Set Access Level" (a limited feature offering); Fig 15: "Cancel Access" (a denial of continued access); "Request Additional Use?" (a request for additional information input).

Fuller: Abstract; Summary of the Invention; Col. 1, lines 22-26 (limited time trial-basis use).

Therefore, it would have been obvious to one ordinarily skilled in the art at the time the invention was made to add to Millard's system a trial-basis capability, in order to acquaint potential users with some of the features of the service initially, and then require payment or further information from the user before the trial period expires, once the decision to buy has been made by the user. Such trial-basis feature would be sure to expose more potential users to the system's capabilities, will result in increased sales for the system operator, and will meet all the corresponding limitations of claim 1.

Millard also does not disclose that the application form returned will have at least the following the user's name, social security number, home address, level of investment knowledge, and the user's approximate annual income.

However, the practice of returning pre-filled application forms is well known in the art, in order to expedite the online filling of such forms. In fact, Hitchcock discloses such a "universal forms engine", where data input by an applicant is stored in the system's database, and returned as needed as filled-in data in further applications, as the applicant is stepped through various stages of an enrollment process (Abstract; Background and Summary of the Invention; Fig 1, 5, associated text).

It would have been obvious to one ordinarily skilled in the art at the time the invention was made to have included this feature in Millard's system, to provide accurate, speedy, and efficient sign-up processes for new users, and therefore to allow such users faster access to the system's capabilities.

As per claim 4.

Millard further discloses

the required information comprises one or more of a signature of the user and funding for the on-line brokerage account (P129, 142: "funding").

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As per claim 5.

Millard does not specifically disclose

closing the on-line brokerage account if the application including the required information has not been received within the predetermined time.

However Millard teaches that users are expected to perform certain actions within reasonable time periods (7 days), failing which certain privileges or available features would be canceled (P132-134). And May (Abstract; Summary of the Invention; Fig 10-15, associated text; Fig 15: "Cancel Access" discloses a denial of continued access when no further commitment/information is provided by the user.

Therefore it would have been obvious to one ordinarily skilled in the art at the time the invention was made that a system based on Millard, Waite, May and Fuller will be set up to cancel a temporary account in case required information fails to be supplied within a predetermined time. This will avoid carrying non-paying customers for longer than necessary, thus minimizing the system operator's expenses.

As per claim 7.

Millard does not specifically disclose

..when the user accesses the brokerage account prior to the removing of the restrictions the user is provided with one or more selected features of the online brokerage account include one or more of research on securities, and set up a watch list.

However research and setting up a watch list are activities that do not actually involve any actual trading of securities, and typically are good demonstrations of a system's capabilities for users wanting to "check out" a new brokerage service. Therefore it would have been obvious to one ordinarily skilled in the art at the time the invention was made to provide these features to users testing out the system, for the purpose of giving them an incentive to commit to using it in the near future.

As per claim 14.

Millard does not specifically disclose

sending the user a reminder to submit the required information with the application within the predetermined time, when the required information with the application has not been received within a second predetermined time.



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However it would have been obvious to one ordinarily skilled in the art at the time the invention was made to include such a reminder step, because this would be a good business practice, in order to give a prospective potential customer every possible opportunity to complete his application and become a paying customer.

As per claim 15.

Millard further discloses

receiving the application including a portion of the required information; and requesting the user submit a remaining portion of the required information (Fig 2, steps 210, 215, 220, 225, associated text).

Millard doesn't specifically recite that the user has to provide such additional information "within a second predetermined time". However, as analyzed in claims 1 and 5 above, Millard in view of Waite, May and Fuller teaches that users of his system are expected to perform certain actions within reasonable time periods (7 days), failing which certain privileges or available features would be canceled (P132-134). Therefore it would have been obvious to one ordinarily skilled in the art at the time the invention was made a system as taught by Millard, Waite, May and Fuller would be set up to cancel a temporary account in case required information fails to be supplied within a predetermined time. This will avoid carrying non-paying customers for longer than necessary, thus minimizing the system operator's expenses.

As per claim 16.

Millard does not specifically disclose

receiving the application including a portion of the required information; and closing the on-line brokerage account.

However it would only be common sense and obvious that if an application is incomplete – and remains incomplete after reasonable delay has expired – then the account should be closed. This would be because the user either is no longer interested or cannot supply the required information, and as such, it makes no business sense for the system's operator to continue to allow free use of whatever features were granted upon signup.

As per claim 17.

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Millard further discloses

the step of. verifying the account information received from the user; and  
verifying the required information received from the user (P151-160).

As per **claim 18**.

Millard does not specifically disclose

closing the on-line brokerage account when one or more of the account information and the  
required information is invalid. But he describes in detail checking validation of input data (P151-160).

Therefore it would have been obvious to one ordinarily skilled in the art at the time the invention  
was made that should an application show invalid data and such data does not get corrected in a timely  
period, then the account should be closed, because there is a risk that the user maybe making up and  
submitting fraudulent data. An account such as that, of course would be highly undesirable to the  
system's operator as well its other clients.

As per **claim 22**.

Millard discloses all the limitations of claim 22 (see all above citations, Fig 1, associated text),  
including this further limitation:

forwarding of a pre-filled-in formal account application form to the client for the opened on-line  
brokerage account (Fig 4A-B, P144-147).

As per **claim 23**.

Millard in view of Waite, May, Fuller, and Hitchcock discloses all the limitations of claim 23 (see  
all above Millard citations) including:

a central server ... including a customer and account database and an event table in which the  
account information and other information related to the on-line brokerage account can be maintained  
(Fig 1, associated text; P67, 142, 144-145, 156, 162, 168, 181, 185, 187).

As per **claim 24**.

Millar and Hitchcock both further disclose

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an archive repository where copies of the pre-filled-in application form and related documents can be stored (see all above citations from these two references).

As per claim 25.

Millard in view of Waite, May, Fuller, and Hitchcock discloses all the limitations of claim 25 (see all above citations) including:

...electronically present to the client in a non-alterable format a filled in application for the on-line brokerage account, and a click-through agreement setting forth the terms of the on-line brokerage account (Millard: Fig 2, associated text, P138: "terms of use").

As per claim 26.

Millar further discloses

..an electronic archive in which the nonalterable, pre-filled in application for the on-line brokerage account, the click-through agreement, and the information related to the formal review of the client and application for on-line brokerage account can be stored (Fig 1, associated text; P67, 142, 144-145, 156, 162, 168, 181, 185, 187).

7. Claims 8-10 and 13 are rejected under 35 U.S.C. 103(a) as being unpatentable over Millard, Waite, May, Fuller, Hitchcock, and further in view of Magary et al., US Patent Publication US 2001/0056387 A1.

As per claim 8.

Millard in view of Waite, May, Fuller and Hitchcock discloses all the limitations of claim 1. The references are silent on checking for compliance with SEC regulations.

Magary teaches that the SEC requires that users consent to specific rules regarding the delivery of electronic financial transactions (Magary: P18), and that such consent must be specifically provided by users before accounts may be fully activated.

Therefore it would have been obvious to one ordinarily skilled in the art at the time the invention was made that any new account would have to conform to this and/or any other applicable SEC

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regulation. As such, a system as envisioned based on Millard, Waite, May, and Fuller would have to include this feature taught by Magary, in order to provide compliance with the SEC rules and regulations:

reviewing the account information received by the user for compliance with rules and regulations of the Securities and Exchange Commission; and  
denying approval of the application to open the on-line brokerage account when the account information fails to comply with the rules and regulations of the Securities and Exchange Commission.

As per claims 9 and 10.

Millard in view of Waite, May, and Fuller and further in view of Magary discloses all the limitations of claims 8.

Millard in view of Waite, May, and Fuller discloses all the limitations of claims 5, and 11.

Millard further discloses that users of his system are notified when their account application has been reviewed and approved after the information supplied has been verified (Millard: P149).

Therefore it would have been obvious to one ordinarily skilled in the art at the time the invention was made that if an account was not approved for full activation, the following steps would inherently be taken, in order to fully appraise the user of his application's status:

notifying the user that the application to open the on-line brokerage account has been denied [claims 9, 12];

Once an account has been denied for permanent activation, it would have been obvious to one ordinarily skilled in the art at the time the invention was made to stop allowing the user to continue using the features available at signup, this for the purpose of discouraging users from signing on and not fully committing to the service by fulfilling all required obligations:

revoking access by the user to the one or more selected features of the on-line brokerage account [claims 9, 10, 12].

As per claim 13.

Millard in view of Waite, May, Fuller, Hitchcock and further in view of Magary disclose all the limitations of claim 8.

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Millard further teaches that a user's status may be changed upon providing additional information to the system administrator (P128).

Therefore, should an account be denied on first review, it would have been obvious to one ordinarily skilled in the art at the time the invention was made that a good business practice would be to ask the user to provide additional information, in case this new information may enable approval, thereby gaining a future paying customer for the system:

notifying the user that the application to open the on-line brokerage account has been denied; and requesting the user provide additional information for the application to open the on-line brokerage account to be approved.

### ***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to David Q Le whose telephone number is 703-305-4567. The examiner can normally be reached on 8:30am-5:30pm Mo-Fri.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James P Trammell can be reached on 703-305-9768. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

DQL

  
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